

## Message Text

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16

ACTION NEA-10

INFO OCT-01 ISO-00 SSO-00 /011 W  
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O 110755Z SEP 75

FM AMEMBASSY KABUL

TO SECSTATE WASHDC IMMEDIATE 4232

LIMITED OFFICIAL USE KABUL 5956

FOR NEA/PAB - AUSTRIAN FROM CURRAN

E.O. 11652: NA

TAGS: BEXP, AF

SUBJ: BUSINESS CALL FOR AMBASSADOR ELIOT

REF: KABUL 5657

1. PLEASE AIRMAIL SPECIAL DELIVERY FOLLOWING MESSAGE  
TO AMBASSADOR ELIOT AT ADDRESS CONTAINED PARA ONE REFTEL.

2. FOR AMBASSADOR ELIOT FROM CHARGE. WE HAVE DEVELOPED  
ADDITIONAL INFORMATION RE COST-OVERRUNS FROM THE KAJAKAI  
POWER HOUSE PROJECT WHICH MAY BE USEFUL IN CONTACTS YOU  
MAY HAVE WITH INTERNATIONAL ENGINEERING (IECO) OR  
FISCHBACH-OMAN (FOI).

3. DUE TO LATE DELIVERIES OF OWNER-FURNISHED MATERIAL  
(I.E., IN ORDER SAVE MONEY, GOA RPT GOA NEGOTIATED SUB-  
CONTRACTS FOR MATERIALS AND EQUIPMENT DIRECTLY WITH  
SUPPLIERS RATHER THAN GIVE IECO/FOI THE FEE AND THE  
RESPONSIBILITY), THE ORIGINAL COMPLETION DATE FOR THE  
KAJAKAI POWER HOUSE HAS SLIPPED FROM MARCH TO DECEMBER,  
1975. WESTINGHOUSE, WHICH SUPPLIED THE GENERATORS AND  
ANCILLARY EQUIPMENT, IS THE PRINCIPAL CULPRIT. RESULT-  
ING COST OVERRUNS ARE EXPECTED TO EXCEED \$1 MILLION: CURRENT  
TOTALS ARE APPROXIMATELY \$630,000 IN DOLLAR COSTS  
AND 22 MILLION IN LOCAL, AFGHANI COSTS. TO DATE,  
FOI, AS PRIME CONTRACTOR, HAS HAD TO ABSORB THESE  
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OVERRUN COSTS AND IS IN THE PROCESS OF PREPARING

DOCUMENTATION TO SUBSTANTIATE A CLAIM FOR ADDITIONAL  
COMPENSATION.

4. AS ENGINEERING CONSULTANT TO THE GOA FOR THE  
PROJECT, IT FALLS TO IECO TO MAKE THE CASE FOR GOA  
PAYMENT OF THE OVERRUNS. WHILE FOI HAS NOT YET  
COMPLETED ALL SUBSTANTIATING DOCUMENTATION, GENERAL  
AGREEMENT HAS BEEN REACHED BETWEEN FOI AND IECO AS  
TO THE LEGITIMACY OF THE CLAIM. ROBERT RUFF,  
LOCAL IECO REP, TELLS US THAT HIS WORKING LEVEL  
CONTACTS IN THE WATER AND POWER AUTHORITY (WAPA)  
ARE WELL AWARE OF THE SITUATION BUT THAT IECO  
HAS NOT YET MADE A FORMAL PRESENTATION OF THE FACTS  
TO WAPA DIRECTOR MOHAMMEDI, OR OTHER POLICY-LEVEL  
OFFICIALS.

5. WE ARE CONCERNED THAT WITHOUT LAYING CAREFUL  
GROUNDWORK, IECO COULD HAVE DIFFICULTY IN CONVINCING  
THE GOA THAT EVEN THOUGH IT WAS THEIR SUB-CONTRACTING  
PROCEDURE WHICH CONTRIBUTED TO THE DELAYS, GOA  
SHOULD PICK UP THE TAB FOR OVERRUN COSTS. IT ALSO  
SEEMS TO US THAT IECO (ESPECIALLY BOB RUFF) COULD  
BE DOING MORE NOW IN THE WAY OF SUCH PREPARATION.

IF IECO FAILS TO MAKE A CONVINCING CASE, THIS  
WOULD NOT ONLY RESULT IN FINANCIAL LOSSES FOR FOI  
(OPIC WON'T COVER ALL OVERRUN COSTS); IT WOULD,  
ALMOST CERTAINLY DAMAGE THE LOCAL REPUTATION OF  
THE TWO FIRMS AND FURTHER ERODE THE GOA'S CONFIDENCE  
IN THE US PRIVATE SECTOR, AS WELL.

6. RUFF PLANS TO BE IN SAN FRANCISCO FOR ONE WEEK  
BEGINNING SEPTEMBER 16. IF YOUR SCHEDULE PERMITS,  
IT WOULD BE VALUABLE FOR YOU TO MEET WITH IECO  
(PARTICULARLY WITH NOLAN PIKE, IF AVAILABLE) DURING  
THIS PERIOD, BOTH TO ASCERTAIN HOW THEY PLAY TO  
PROCEED AND TO IMPRESS UPON TOP COMPANY OFFICIALS  
THE NEED FOR PROMPT AND CAREFULLY CONSIDERED ACTION.

6. ALL OF US LOOK FORWARD TO YOUR RETURN. WITH WARMEST REGARDS.  
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CURRAN.

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## Message Attributes

**Automatic Decaptioning:** X  
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